

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Fritz, Sara: Papers
**Folder Title: White House Notes – 09/15/1981-
09/30/1981**
Box: 2

To see more digitized collections visit:
<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:
<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: Sara Fritz Papers
OA/Box: Box 2
File Folder: White House Notes – 09/15/1981-09/30/1981

Archivist: jsn
FOIA ID:
Date: 3/29/2018

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. transcript	Henry Nau off the record interview (3 pp)	9/30/81	C

RESTRICTIONS

B-1 National security classified information [(b)(1) of the FOIA].
B-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
B-3 Release would violate a Federal statute [(b)(3) of the FOIA].
B-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
B-7a Release could reasonably be expected to interfere with enforcement proceedings [(b)(7)(A) of the FOIA].
B-7b Release would deprive an individual of the right to a fair trial or impartial adjudication [(b)(7)(B) of the FOIA].
B-7c Release could reasonably be expected to cause unwarranted invasion or privacy [(b)(7)(C) of the FOIA].
B-7d Release could reasonably be expected to disclose the identity of a confidential source [(b)(7)(D) of the FOIA].
B-7e Release would disclose techniques or procedures for law enforcement investigations or prosecutions or would disclose guidelines which could reasonably be expected to risk circumvention of the law [(b)(7)(E) of the FOIA].
B-7f Release could reasonably be expected to endanger the life or physical safety of any individual [(b)(7)(F) of the FOIA].
B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

STORY:WHU1
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;09/15,13:54

To: mls lt jf dr bfp jg gp dxb dcb jwm lh rak pgh

From: sjf

Re Budget Cuts.


Craig Fuller, cabinet director, says Reagan's decision to trim only 13 billion dollars from defense spending in 1983-84 will require ``drastic`` cuts in domestic spending.

This is why White House aides pleaded with Reagan to cut between 20 and 30 billion dollars out of the defense budget, as OMB Director David Stockman recommended.

Fuller says Defense Secretary Caspar Weinberger initially wanted to cut only 4 to 5 billion dollars out of the budget. He described Weinberger's style of negotiating as very skillful--he states his view and then repeats and repeats it. He says Weinberger seemed at times to be trying to overwhelm Reagan with facts and figures.

Not only did Weinberger refuse to budget from his view, says Fuller, he also returned to the White House each day with the very same charts. Fuller thinks Weinberger's friendship with Reagan helped shape the final decision.

Fuller says the new budget cuts may not be announced until as late as next Thursday. But he says that the Cabinet departments already have been told ``the range`` of their cuts and they know generally what items must be cut to achieve those goals. According to Fuller, our beat reporters could probably get an advance look at the budget cuts by checking with the departments they cover.



STORY:SLASH
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;09/15,17:03

TO: MLS, LT, JF, DR, BFP, JG, JWM, GP, DCB, LH, DXB, SJF,
PA, PGH, MWK

FROM: RAK

RE: White House notes

Grand rapids. Reagan will hold the following meetings in Grand Rapids: On Thursday afternoon, he will meet for a half hour with former French President Giscard d'Estaing; then for 45 minutes with Trudeau; then for another half hour or so with Lopez Portillo. On Friday morning at 8:30, Reagan will host a three-way breakfast with Trudeau and Lopez Portillo. Haig and Allen will accompany Reagan.

The White House expects on Wednesday to announce agendas for these meetings. For now, aides are saying only that the standard bilateral topics will be discussed. "It's an opportunity, obviously, to catch up...to follow up on their previous talks," says David Gergen. At mid-morning on Friday, the President will go on to Denver for a speech. We return to Washington late Friday. But all of this is subject to change.

Budget cuts. Gergen tried desperately today to dampen the reports that the goal of a 42.5-billion deficit in '82 is fading away. Reagan told a group of Republican senators today that 42.5 billion still is his target. "The President's holding to a very steady course...There's no wavering of the kind suggested by some of the stories we've been seeing," said Gergen.

(MORE)

Social Security. The White House waded into the Social Security quicksand again today by saying that Reagan stands behind the package of cuts he sent to Congress earlier in the year. Cuts in Social Security benefits in '82 are being figured into the administration's projections of a 42.5 billion deficit. The '82 cuts would come, under Reagan's earlier plan, largely in the form of a one-time delay in the cost of living increase for Social Security retirement benefits; and through elimination of the minimum \$120/month benefit.

Gergen tried to emphasize that this is not a new position for Reagan, and said that, after meeting with Republicanators today, the President "announced that he has no plans to propose additional cuts in Social Security programs beyond those he already has submitted to the Congress...The President believes the plan he sent to Congress was a good and sound plan," but Reagan is not "wedded" to the exact package he submitted earlier. Instead, the White House counting on working out a "bipartisan" package of Social Security cuts, mainly through the efforts of Robert Dole and the Senate Finance Committee.

Entitlements. Entitlement programs no longer are absolutely safe from cuts in '82, as Reagan had promised as late as this week. According to Gergen, the President has "taken under advisement" the "strong unanimous recommendation" of a group of Republican senators led by

(MORE)

Howard Baker to cut entitlement programs such as medicaid and medicare in '82 to keep the deficit in check. Until today, the White House always has said that Reagan was "disinclined" to cut entitlement programs in '82, although the administration always has insisted that entitlement cuts would be necessary in '83 and '84.

Said Gergen, "The entitlement programs do constitute more than half of the federal budget. They are the fasting growing part of the federal budget."

Defense. Gergen also declared today that Reagan will not consider increasing defense cuts above 13 billion. He insisted that Jim Baker never told a group of senators that "there is "some latitude" in Reagan's decision on the size of the defense cut.

Appropriations Vetoes. Reagan promised the Republican congressional delegation today: "If budget-busting bills do come down, I will veto them. I want to make that plain." Gergen said the same threat applies to the farm bill.

(END)

STORY:SPEAKES
MA:60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:ALC ;09/16,17:32

TO: MLS, LT, JF, DR, BFP, JG, GP, SXM, DCB, JWM, LH, SJF,
PA, PGH, MWK

FROM: RAK

RE: Background-only ivu with Larry Speakes

Budget cuts. Speakes says Reagan has made few decisions regarding where to seek cuts. In fact, indecision seems to characterize the present state of affairs at the White House. This is how things now look:

The President probably will announce his new budget-cutting plan early next week with a televised address from the Oval Office.

Just what he will announce still has to be decided, but Stockman is in the process of identifying fiscal '82 cuts in the range of 12 billion to 14 billion. (This figure is subject to change, however. The White House has refused all week to publicly name a figure for '82. Speakes offers this figure for guidance only.) The '82 cuts will include, of course, 2 billion in defense savings. The other 10 billion to 12 billion will most likely come from both discretionary programs and entitlement programs.

Reagan has up until now resisted the temptation to cut entitlement programs, because of the obvious political liability inherent in cutting food stamps, medicaid, Social Security, etc. But now that Republican congressional leaders have paved the way by publicly urging him to cut entitlement programs, Reagan seems ready to change course.

Speakes expects him to go for entitlement cuts in '82, but he emphasizes that no firm decision has been made.

Speakes claims that the current White House view is that ``only when you cut entitlements will you send a real signal'' to Wall Street. Last week, of course, White House aides were saying that a big cut in defense spending was what was needed to impress investors. Now, according to Reagan's thinking, Wall Street isn't worried about defense spending, only about the rapid growth of entitlement programs.

How does the administration expect to win investors' confidence? ``We've just got to keep preaching 42.5 [in '82] and a balanced budget in '84,'' says Speakes. He says investors have suffered too many broken promises in the past, but at the same time he concedes that all Reagan can do now is offer more promises. The White House also is placing great stock in Reagan's threat to veto appropriations bills that exceed his budget goals. Wiedenbaum and others in the administration believe interest rates will come down early next year, according to Speakes, and improve the climate for keeping the '82 deficit close to 42.5 billion.

There seems to be little strategy yet for achieving the new cuts. The White House is ``looking for some kind of legislative device'' to make some of the cuts. Speakes mentions the possibility of a 60-day continuing resolution that would freeze appropriations at current levels. This

(MORE)

would buy time for the administration to seek new cuts in the appropriations bills as they come up. This approach, however, would force Reagan to wage the 13-front battle that he wants to avoid. A 12-month omnibus budget resolution containing fresh cuts is also a possibility. And there is some chance that a deal will be worked out by next week to make some cuts in Social Security benefits in '82.

Speakes predicts ``a furious game of chicken'' between the administration and Capitol Hill as October 1 approaches. The White House may try to load up a continuing budget resolution, or a resolution to increase the debt ceiling, with so many budget cuts that there will be a real chance of Congress failing to pass anything by October 1, technically forcing departments to shut down. The question is, who would back down first under those circumstances--Reagan or Congress?

AWACS. Richard Allen predicted today on the record that the administration will win approval of the AWACS package in the Senate. ``We're making substantial headway...We believe the Senate will consent to this transfer,'' said Allen at a briefing. Speakes paints a not-so-rosy picture, but he still thinks Reagan will win in the end. The White House now is trying to delay an early vote sought by opponents. Twenty-seven senators have been identified by the administration as wavering. Allen has been giving private briefings to these senators almost daily on Capitol Hill.

(MORE)

MX and B-1. Reagan will decide both of these questions by the end of the month, according to Speakes.

Defense cuts. The President's decision to cut Pentagon spending by only 13 billion surprised nearly all of the senior White House staff, says Speakes. He doubts that there was any collusion between Meese and Weinberger. Cutting defense simply went too much against Reagan's grain for him to go along with Stockman, Speakes says.

(END)

STORY:WHU2
60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;09/17,10:11

To: mls lt jf bfp dxb jwm gp dr jg dcb lh rak pa pgh

From: sjf

The following comes from a background session with David Gergen, White House communications director.

Gergen acknowledges that President Reagan's highly public struggle to trim defense spending in 1983 and 1984 did nothing to promote confidence on Wall Street.

"Thirteen billion dollars wasn't intended to send a signal to Wall Street," he says.

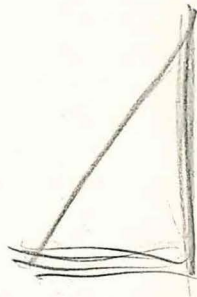
But he predicts that the financial community will begin to respond when it sees the full range of cuts in domestic programs over the next three fiscal years. He does not rule out cuts in entitlements.

"It's going to take more than rhetorical flourishes. The critical thing is for us not to get into a situation where we look like we're floundering or panicking."

He acknowledged that Wall Street would be happier if the administration identified more than 75 billion dollars in cuts for 1983 and 1984. There is no inclination to go that far at this time.

The President is not threatening to veto any bill that cuts more deeply into defense spending in 1982, even though administration officials will take a position that their proposed cuts are "non-negotiable."

The President considered six different options for defense spending in 1983-84. The proposals ranged from 2 billion to 27 billion dollars. Although the Big Three tried



to present a united front to us on this issue, they were not together on it. Baker sided with Stockman. Deaver had no position. Meese was ``torn'' between Stockman and Weinberger.

Baker simply misjudged the President when he told reporters in Los Angeles that they were going to cut 20 to 30 billion dollars from the defense budget. ``He came in late,'' says Gergen. ``Had he been there earlier, he might have called it differently. He honestly believed it.''

Although Baker regrets the mistake, he now believes his public statements forced the President to make deeper cuts than he otherwise would have made.

Big Three. The recent spat between Meese and Baker over the budget-cutting process was not their first such disagreement. This and all previous disputes have centered on the ``process and pace of things--how fast things should get done.'' Gergen adds:

``Jim is a 'let's get things done' type,'' says Gergen. ``Ed says, 'Let's touch all bases, think through all options, study all the material.'''

But Gergen says that Meese and Baker have previously tried to hide their disagreements, even from the staff. ``It's always been like one of those old-time plays,'' he jokes. ``If there was going to be bloodshed, they'd do it first stage.''

Gergen credits ``maturity and age'' for the success of the Big Three. Meese, Deaver and Baker are older than top

(MORE)

White House aides in most recent administrations.

Gergen does not expect all three of them to stick around for four years. Deaver has a "golden future" in business. Baker might enjoy heading a top Cabinet department, possibly Justice. Meese might run for office in California.

The way the three operated on the defense budget issue is not unusual. "Often, one person will have a very strong opinion and the others will simply go along." However, "Jim rarely gets so far out in front on policy."

As time goes on, the three become more interchangeable. "Ed gets more involved in process. Jim gets more involved issues. Mike picks and chooses." Meese does some lobbying up Congress, but generally: "Ed deals more with the Cabinet, Jim deals more with the Hill."

Baker and Donald Reagan did most of the negotiating with the Hill on the tax package. At one point, they tried without success to talk the President into 10-10 instead of 5-10-10. "The President wouldn't buy it," he says. Baker also dealt with Casey on the Hugel matter.

Gergen views Deaver as a "steadying force." "Mike is probably the most irreplaceable, the most unique of the three. Mike is one of the most creative minds here." No other man knows Ronald Reagan as well as Deaver. He also has veto power over the speechwriters.

Another reason why the Big Three works well together: "The President doesn't play favorites. He doesn't play one off the other. There's no competition for his affections or

(MORE)

favor."

The air traffic controllers strike was an unusual situation in which the Big Three played a very limited role. Reason: Reagan had his own ideas on how to handle the strike, based on his experience in California. The President decided that he would announce that the strikes would be fired at a certain time. The Big Three convinced him to give them 48 hours, not 24 hours.

(END)

STORY:WHISPER
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;09/17,15:38

To: mls lt jf bfp dxb jwm gp dr jg dcb lh rak pa pgh

From: sjf

Re Budget Cuts.

Craig Fuller, cabinet director, says the President will ask Congress to cut about 16 billion dollars from the fiscal 1982 budget--including 5 billion dollars from Social Security by postponing the cost-of-living for three months.

Although the President has not made the final decision yet, the options were narrowed severely during today's Cabinet meeting. He says the final figure will be somewhere between 16 and 17 billion dollars, and one third of it will come from Social Security.

Reagan will go on television to announce the final decision next Tuesday or Wednesday after another Cabinet meeting. Also to be announced then are department-by-department ``budget ceilings`` for 1983 and 1984.

Impoundment has been virtually ruled out as the means for making the 1982 cuts. The debt ceiling bill is being discussed as a possible vehicle.

Over the weekend, Cabinet members will meet with Stockman to discuss the cuts in their departments. They will then have an opportunity to appeal directly to the President on specific cuts. The final plan will be laid out on Tuesday the Cabinet meeting.

Other likely targets include: The departments of Education and Energy, CETA and revenue sharing.

Reagan acknowledged today these cuts represent ``blood,

STORY: WHISPER

PAGE: 2

sweat and tears'' for the Cabinet.

(END)

September 18, 1981

FROM: RAK - Grand Rapids, Mich.

TO: LT, GP, MWK, SJF, BFP

Here are excerpts from the speech Reagan is to give at 5 p.m. Eastern time today in Denver to the National Federation of Republican Women:

"Our economic plan is to begin with the 1982 fiscal year on October 1. I am as convinced today as I was when we introduced the package that this economic plan is as good as money in the bank -- and if I were a betting man, I would wager the rent money on it.

"Now I have listened to those Chicken Littles who proclaim the sky is falling and those others who recklessly plan on high interest rates for their own narrow political purposes. But this concern about a plan not even in effect yet is nothing more than false labor...

"Let me say we did not sweat and bleed to get the economic package passed only to abandon it when the going gets a little tough...

"There is no alternative to a stronger defense. Study after study and expert after expert have testified to our nation's need for a more muscular military. The Soviet Union, in the most massive and menacing buildup in history, is spilling over with military hardware. The Soviets have not built a society; they have built an arsenal. And we in the West can no longer turn our head or avert our eyes.

"For too many years the Pentagon was treated as the federal government's poor relation while domestic programs

thrived and grew fat. We simply must rectify the imbalance. We will not cut defense spending to the point that it interferes with or slows our plan to provide for our national security...

"All of us -- the administration, the Congress, and the American people -- are going to be bone tired from the budget battles over the next few years. But these battles, no matter how exhausting, must be fought and must be won for the sake of our future.

...'I hope the people on Wall Street will pay attention to the folks on Main Street. If they do, they'll see that there is a rising tide of confidence in the future of America...

"I can understand the pessimism of those who remember past promises that were never kept. They know that until the annual deficits are reduced and eventually eliminated, interest rates will remain high and so will inflation...It isn't easy to reduce federal spending, but we're going to do it; and when the financial markets see evidence of this their tune will change.['']

(END FILE -- rw)

September 17, 1981

FROM: RAK - Grand Rapids, Mich.

TO: LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, SJF, RAK, PA, PGH, MWK

1983, 1984 Cuts. At this morning's Cabinet meeting, Cabinet secretaries were given two "tentative ceiling reductions" for their departments for fiscal '83 and '84, David Gergen said ^{ys.} ~~said~~.

These ceilings are a refinement of the earlier ranges of cutbacks handed to the Cabinet. Gergen refused to say that all of the ceiling reductions fell between the earlier announced range of 500 million to 4 billion.

Gergen stressed that the cutbacks for '83 and '84 still are tentative. With the exception of the delay in cost-of-living increases for '82, Reagan has made no final decisions on budget cuts.

"All of these cuts are in the nature of options. The President has not signed off on a final package," Gergen said.

During the next two days, Cabinet secretaries will meet with Stockman to review the proposed '83, '84 cutbacks. Then Stockman will report to Reagan over the weekend at Camp David, and department heads will have a brief opportunity to appeal any of Stockman's cuts to Reagan.

Gergen claims the Cabinet members did not object to the plan outlined this morning. "Throughout, there was unanimous support for this plan. There was no Cabinet officer who raised an objection," says Gergen.

Other Cuts. Reagan also is considering ways of achieving

savings in '82, '83 and '84 through "reorganization of agencies and departments." This option goes beyond the planned changes at the Department of Energy and the Department of Education.

Personnel cuts of 75,000 or more will "be mostly across the board," according to Gergen, and the majority of the reductions will be achieved through attrition.

1982 Savings. The total COLA savings for '82 is 5 billion dollars, about 2.8 billion of which would come from the delay in the Social Security cost-of-living increase.

Gergen says the average loss to a Social Security recipient would be "less than \$100" for the three-month period during which the cost-of-living hike would be deferred.

The White House is looking at either Monday or Wednesday of next week for Reagan to announce the cutback plan from the Oval Office.

AWACS. The White House is reacting cautiously to Senator Packwood's announcement today that he has the signatures of 51 senators on a resolution opposing the AWACS package. Says Gergen, "Clearly the President does not believe this is the end of the struggle. He believes this is just the beginning."

Gergen claims that among the 51 senators who signed Packwood's resolution, there are a few who have told the White House privately that "their minds are not clearly

made up. . . and they consider themselves not yet finally committed."

Gergen reminds reporters that a similar resolution with the same number of signatures was circulated in 1978 in opposition to the delivery of F15 fighter jets to Saudi Arabia.

Heads of state. Next week, El Salvador President Jose Napoleon Duarte will arrive in Washington for a 10-day visit. He will meet with Reagan on Monday, September 21. The White House claims this is a "private visit," even though Duarte will be meeting with several American officials in addition to Reagan and Haig.

On September 25, Kenyan President Daniel Moi will meet with Reagan at the White House.

(END FILE -- jnm/rw)

5F
September 17, 1981

To HLS, LT, DR, GP, SF, RAK, BFP, JF

From PA

Christmas at the White House --for planning purposes, not for release yet

We will be able ^{do} to a nifty color piece this year despite our deadweek
I was glad to learn. Reason: The ~~xmx~~ events on schedule fall largely in
the week we publish or rather our working week. The White House planners
have worked it so that the ~~xmx~~ actual Christmas week will be slowed down
on the entertaining side.

The Reagans, which also helps, will spend Christmas at the White House
and then go to California over the New Year.

The press preview falls on December 7, a Monday. Mrs. Reagan unveils
the tree and decorations.

There will be the usual round of entertaining and candlelight tours
within the week of December 14 through December 18. Congress will be invited,
the press party will be on December 15, also parties ^{that week} for staff, secret service
etc. Indications are that Tate will aid more than Mary Hoyt did in permitting
color spots of the festivities.

The Diplomatic children's party looks like a smash. There will be
an additional Xmxs tree by the Grand Staircase which will be decorated with
3 ornaments from each of the diplomatic children or rather three from each of their
countries. It will be called the tree of peace. Mohammad Ali will do magic tricks
for the kiddies and the young ballerina who won the Moscow competition will dance
for them. This will also fall within our work week.

About 60,000 Christmas cards will be mailed. Not firmed up as as yet but

the card may be a bit different from the usual 19th century view of the White House.

There is to be a new stamp released honoring Hoban, the Irish architect who designed the White House. The first 60,000 Hoban stamps will be used ~~to~~ as postage on the ^{official} Reagans' ~~official~~ Christmas card.

The President will light the National Christmas tree on Tuesday, December 15 the same evening as the press party.

September 17, 1981

FROM: RAK - Grand Rapids, Mich.

TO: ~~MLS~~, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, SJF, RAK, PA, PGH,
MWK

RE: Budget

The following information was provided on a background basis by Larry Speakes on the plane:

The President has decided to seek a one-time delay in cost-of-living increases for nine major entitlement programs, including Social Security, in fiscal 1982.

The savings from this action would total 5 billion dollars.

Among the entitlement programs likely to ^{BE} cut are SSI, veterans pensions, military-retirement^T pay, food stamps and other nutrition programs, and "federal civilian retirement."

All of the COLA increases would be delayed until October 1, 1982. Depending on the program, that would mean a three[^] month to nine[^] month delay.

At this morning's Cabinet meeting, David Stockman outlined the '82 cuts to the Cabinet secretaries. Reagan has tentatively agreed to Stockman's planned cuts, but Cabinet members will have until Monday to appeal the cuts to the President.

Speakes says he does not expect any department head to appeal directly to Reagan.

There may or may not be another Cabinet meeting before the budget-cutting plan is announced next week, Speakes

says.

Other cuts.

The COLA savings and Pentagon cuts total 7 billion dollars in 1982, leaving approximately 9 billion in additional cuts to be found elsewhere. The President has made only tentative decisions regarding the additional cuts.

Speakes says that Reagan is considering seeking other cuts in entitlement programs beyond the COLA savings. In addition, approximately 75,000 federal jobs would be eliminated, with most Cabinet departments taking a "pro rata share." The Department of Education and Department of Energy would suffer larger personnel cuts as part of the move to abolish those two departments.

Stockman also outlined to the Cabinet today some proposed cuts for '83 and '84. Department heads will have a few weeks in which to appeal those cuts.

The Budget Director did most of the talking at the Cabinet meeting, but Speakes quotes Reagan as telling the group: "There will be blood, sweat and tears for all of you."

Speakes thinks the specific budget cuts that Reagan will announce next week will focus largely on 1982.

I will file more later on the budget and Trudeau-Lopez Portillo talks.

SF

September 17, 1981

To LT, MLS, DR, GP, SF, RAK, JF

From PA

Nancy Reagan--A style all her own-- From lunch with Sheila Tate, not for attribution

Some of this might fit into a whisper and other makes good material for a piece on Nancy--how she functions, how she is developing.

Nancy is keeping a journal day to day which presumably will be published after leaving office or rather the material in it would be used. She is quite disciplined about her entries on a day-to-day basis and spent hours on the flight back from the royal wedding writing longhand in her journal about her experiences there and her impressions of events.

On her own initiative, ~~she~~ ^{Nancy} is also writing a book on the Foster Grandparent Program. It is a series of 10 or 12 vignettes of individual relationships between a Foster Grandparent and child. The profits from the sale of the book will go to the Foster Grandparent program. She also taped a Mike Douglas Show of one hour which will be aired on October 6 on the topic of Foster Grandparents and featuring two people in the program and naturally their child subject. Hal David, who works with Burt Bachrach, the ^{composer} ~~composer~~, has written a song "To Love a Child". He is coming to the White House to play this song. A recording star is being sought to record the song. Again, all profits from the sale of the recording, phonograph, will go to the Foster Grandparent program. Nancy thought up these projects herself, Tate said, Suggestions did not come from staff. She is taking initiatives now herself.

Nancy also keeps a close eye her mail. She answers many herself and takes pains to make sure answers from the Correspondence Section reflect her views.

She drafted her own replies to letters dealing with the President's hospitalization and the White House Restoration Fund. She spends at least an hour a day with her secretary Elaine Crispin in dictation in response to letters ~~to be~~ written to the First Lady.

(By the way, the AP will release on Sunday-- a Day in the Life of Nancy Reagan-- reported by Maureen Santini. When I asked how AP won approval of the story when ^{the} we were turned away from a story on ~~the~~ private life of the Reagans, Tate explained that the day covers only "working daytime hours" and no glimpse of Nancy in the family quarters.)

On the private life of the ⁿReagans, indications that Tate could co-operate in providing text material for such a story--on who comes to dinner, what they like to eat, what they do in the evening but without photos illustrating the material.

This kind of access is a stumbling block. We could perhaps illustrate with one photo by the White House pergaps of Nancy at her desk. We could get material for at least one page, I think, if we did not get hung up on photos. Would you consider such an appreach? After the ^Camp ^uavid piece is resolved, this is worth a look, do you think?

Back to Nancy-- Nancy, unlike Rosalynn Carter, does not have an office in the East Wing. Tate asserts that the First Lady is "completely accessible" nevertheless. She does not use McCoy as an intermediary. If Tate or Brandon or Roblenski need to talk the First Lady, they call her and she readily responds. Said Tate: "Mrs. Reagan refuses to be steamrolled. She has a sense of what is right for her and takes calls from staff directly. She is totally accessible." Nancy holds in addition, weekly staff meetings with McCoy, Tate, Muffie ^Drandon and ~~Roblenski~~ Roblenski participating. According to Tate, Nancy establishes her own priorities and the President and ~~children~~ children come first. She will drop what she is doing if the President is looking for her to wave good-bye as he did recently and she will withdraw for 20 minutes to take a phone call from daughter Patti, which also happened recently.

A new project for the First Lady.

For the past six months, Nancy has been contacting experts in the area of drug and alcohol abuse among youth. She has been privately ~~researching~~ researching the subject to find out for her self how extensive the problem is and what is being done to combat it. Mrs. Reagan is in the process of finding the most effective way she as First Lady can spotlight the problem and efforts to cope with it. In other words, what is the best role for her to play on this issue so it would be the most helpful. Is prevention the key? Or expanding programs that deal with the realities as they already exist. At this point, Nancy is leaning toward an focus on "parental networks" ~~springing up~~ which are springing up around the country where parents band together in a support system to deal with their offspring in trouble. The questions Mrs. Reagan is asking herself before she embarks include: Would it be of most help to spotlight the problem itself? Would it be best to emphasize what parents can do to prevent and halt it? To what extent can parents intervene? Should organizations such as Second Genesis be spotlighted? Should we focus on solutions or causes? This is still to be ironed out. But ~~xxxx~~ Reagan will be making a trip on her own in October and in November (Atlanta is one city where she will probably make an appearance where she will meet with a group of youngsters who are trying to "kick" the habit.

#

September 18, 1981

FROM: RAK - Grand Rapids

TO: MLS, LT, JF, BFP, DXB, JWM, GP, DR, JG, DCB, LH, SJF, RAK, PA, PGH

~~RE:~~

AWACS. Secretary of State Haig told a briefing Thursday evening that some of the senators who signed Senator Packwood's AWACS resolution "made it clear that they didn't want their names announced," because they have not firmly made up their minds on the sale.

Haig said that many senators who have gone on the record against the sale are unaware of the details of the "special-transfer arrangement" worked out with Saudi Arabia to safeguard Israeli and U.S. interests.

Secretary of State gave no hint that the administration is considering altering the terms of the deal to win Senate votes.

The following information was provided by Haig on a background-only basis. ^{He} It is to be referred to only as a senior administration official.

Trudeau. Reagan and Trudeau met for about 45 minutes and discussed the following subjects: Canada's national energy policy, acid rain, the trans-Canadian gas pipeline and the upcoming Cancun summit. "All of these were discussed in a general way," Haig said.

He described the meetings between Reagan and Trudeau and Reagan and Lopez-Portillo as "a meeting of convenience because of the presence of these leaders... this was not a heavy business meeting."

Of the talks with Trudeau, Haig said, "Discussions were frank and at the same time very constructive. This was a very quick opportunity to update the two leaders."

Lopez-Portillo. Reagan and the Mexican President discussed the recent French-Mexican statement on El Salvador in great detail. "The Mexican viewpoint was clarified very satisfactorily," Haig said.

Haig did not suggest any agreement between Lopez-Portillo and Reagan on the El Salvador question. "I don't want to suggest we share a common view on this issue, but the differences were narrowed," Haig said.

(END FILE - ES)

STORY:WEU2
MA:60 FMT:

QUEUE:SJF-SJF
HJ:

MSG:
INI:

OPR:SJF ;09/22,16:08

o: mls lt jf dr gp jg dxb dcb jwm lh rak pa pgh tg

From: sjf

AWACs and other matters.

White House National Security Adviser Richard Allen, going on-the-record for the second straight day, acknowledged Tuesday there is some risk that Saudi Arabia will misuse the AWACs.

“You always run a margin of risk,” he said. “With respect to absolute guarantees, I guess we never have absolute guarantees. But the Saudis have given us assurances” that they will use AWACs properly.

Allen's briefing for reporters was similar to briefings he has been giving to members of Congress. He had the help of a uniformed expert from the Air Force, Robert Lilac, and numerous maps of Saudi Arabia.

He argued that the United States must give AWACs to the Saudis to help protect its oil fields against the “growing threat” of Soviet attack. He noted that Saudi Arabia can get a similar plane from the British, but suggested that a U.S. plane would lure the Saudis into the Camp David peace process. “Saudi Arabia can be an important component of the peace process,” Allen said. “The United States will again be recognized as a credible friend in the region.”

With AWACs, Allen said, Saudi Arabia could destroy any potential oil field attacker with plenty of time to spare without it, the oil fields would be destroyed before the Saudis could get their planes in the air.

(MORE)

Allen argued that a Saudi AWACs could not see all of Israel unless it were flying in Jordan near the West Bank. But he argued that the Saudis would never fly an AWACs that close to Israel in time of war because the plane would surely be shot down. In peace time, he said, the plane's mission is to protect the oil fields--not monitor Israel.

"The Saudis are a cautious, prudent people," Allen said. "We don't have any reason to believe that they are going to put ^t_a risk a machine like this, worth about 200 million dollars, lightly. I think we can fairly assure there will not be any advantage in an airwar with Israel. We do know where the aircraft will be flying."

Allen also emphasized the value of having American equipment in the region during a Soviet-inspired attack. If the British supplied the plane, he asked: "Would we have prepositioned assets in the region? No."

Allen and Lilac also emphasized that AWACs cannot:

- * See beyond 200 miles.
- * See tanks, troops or ground targets.
- * See anything traveling less than 90 miles per hour.
- * Take pictures.
- * Monitor intelligence.

Television speech. The President will go on nationwide television at 9 p.m. Thursday to outline his new budget cuts. Larry Speakes described the speech as "the next logical step in the program he outlined last February 18.

As of now, says Speakes, no budget briefings are planned

(MORE)

until Friday morning. A little lobbying will probably get
a briefing by Thursday morning. The television speech
eliminates Reagan's scheduled trip to Virginia to campaign
for Marshall Coleman. Larry did not give any indication
that opposition to the budget cuts is giving Reagan any
second thoughts.

O'Connor. Reagan and Nancy will attend O'Connor's swearing
in on Friday. No remarks by the President planned. There
will be a White House reception and luncheon for O'Connor
on Thursday. (TG--Would you like to cover this?)

(END)

STORY:WHU3

QUEUE:SJF-SJF

MSG:

MA:60 FMT:

HJ:

INI:

OPR:SJF

;09/23,19:18

o: mls lt jf dr gp jg dxb dcb jwm lh rak pa pgh

From: sjf

The following material comes from a background session with
Deputy Press Secretary Larry Speakes.

Despite adverse reaction to cuts in social programs, President Reagan will not cut any deeper into the defense budget or rescind the tax cut. Social Security will be trimmed in an "innovative" manner, not simply by postponing the cost-of-living increase.

To show that he's willing to suffer too, Reagan has decided to eliminate 25 to 30 positions on the White House staff. This will include eight jobs within the domain of Communications Director David Gergen.

Although all of the additional 1982 cut proposals have now been finalized, Speakes does not know the precise details. Gergen, who does know the details, is refusing to see any reporters until Friday. He has canceled our regular Thursday appointment.

White House officials will hold a by-invitation-only background briefing on the budget cuts about 5 p.m. Thursday in the Roosevelt Room. I've arranged for MWK to be one of the invited guests. Stockman does not intend to do a general briefing for all reporters until Friday morning.

The President and his aides are miffed with Senate leaders for sending mixed signals to the White House about the budget process. After the August recess, they advised the President to make further cuts in the budget because

(MORE)

people back home were upset about high interest rates. Now, they are offering Reagan the opposite advice.

In addition, White House aides are furious with Senate leaders for leaking the proposed cuts so fast. David Stockman, Jim Baker and Dick Darman went to the Hill last week to brief Senate leaders on the President's plan to cut 16 billion dollars from the 1982 budget. "It was leaked before they got back down here," says Speakes. These leaks, he suggests, limited the President's room to maneuver.

Speakes also subscribes to a current theory that Stockman intentionally made the domestic spending cuts more distasteful than necessary in an effort to force Weinberger to cut more from the defense budget.

Honeymoon Over. Speakes says the President's advisers recognize that the honeymoon is over--especially in Washington. "They know it's going to be extremely tough from now on," he says. Baker is openly distraught about the situation because he knows that it could have been avoided if Reagan had cut more from defense. Deaver seems to share Baker's view. Nevertheless, the President has dug in his heels against further defense cuts. "That's the President," says Speakes. "He's made up his mind."

Press Conference. Gergen and Speakes are pressing for a news conference next week. The William Safire column apparently prompted a number of other pieces on the subject. Mutual Radio carried a tough piece today

(MORE)

suggesting that the President does not hold news conferences because he's afraid of making mistakes. In his only formal press conference since his recovery from the shooting, you'll recall, Reagan flubbed the foreign policy questions. The Big Three have been resisting pressure from Gergen and Speakes for a press conference.

Trips. The President has canceled a scheduled trip to the United Nations early next month because it would require him to make a major foreign policy address--something he does not want to do with the 1982 budget still unresolved. It's fair to say that these new budget cuts are keeping him from focusing more attention on foreign policy. A scheduled trip to California in early October was canceled too. "I think they've finally convinced him that you can't go out to California every month," says Speakes. Who did the convincing? "Deaver convinced her"--meaning Nancy.

AWACs and Dick Allen. In retrospect, the President and his aides now think they should have started lobbying sooner for the AWACs sale to Saudi Arabia. They were delayed first by Howard Baker's desire to focus solely on economic matters, and then by the President's decision to wait until after the visit of Israeli Prime Minister Begin. "But there seems to be hope that we can pull it out--it's still winable."

Meanwhile, says Speakes, Allen is starting to assert himself for the first time around the White House. Up til now, Allen has kept one of the lowest profiles in

(MORE)

recorded history. But he's vigorously taken charge of the ACs lobbying effort and has even made some statements on the record in recent days. The turning point can be traced to this week's Newsweek article suggesting that Allen is incompetent. "Allen has not screwed up," says Speakes. "Allen is breaking out. He's started doing some things without waiting for approval from State."

Crime speech. The crime speech that President Reagan will deliver in New Orleans next Monday will focus on three or four of the proposals offered by the Justice Department task force, not all 19 of them.

Brezhnev. No copies of the letter to Brezhnev are available at the White House. Speakes and others were forced to return their copies. He suggests that we ask at the State Department.

(END)

STORY:WHU4

QUEUE:SJF-SJF

MSG:

MA:32 FMT:

HJ:

INI:

OPR:SJF

;09/24,10:55

To: mls lt jg dr gp jg dxb dcb jwm lh rak pgh fwf jls jsl

From: sjf

The following material comes from a background chat with Robert F. Bonatati, labor man at the White House.

__Striking air traffic controllers may be rehired on an individual basis after the federal government officially decertifies PATCO as their union, according to Bonatati.

He warns that no decision will be made on this plan until the decertification is final. But he says that top administration officials have discussed the idea. After the decertification, they would simply ease the criteria for individual strikers to win an appeal of their firing.

This information fits with Jim Baker's statement out in California. Baker said the controllers might be rehired on an individual basis, but "not in the foreseeable future."

In addition, he says that Transportation Secretary Drew Lewis would welcome an organizing effort of the nonstriking controllers by a union other than PATCO. Lewis says he would prefer to deal with a union.

On other topics, Bonatati said:

* He thinks Reagan might criticize the Federal Reserve Board in tonight's speech. Over the past few weeks, he says, there has been "a subtle, gradual backing away from the Federal Reserve" that has gone almost unnoticed.

* While claiming no inside information, he predicts that Reagan will cut deeper into defense budget. He also expects the President to "come out on the side of the poor and

(MORE)

defenseless'' tonight by claiming to make no cuts in the social safety net.''

* Expressed frustration in White House efforts to deal with AFL-CIO President Lane Kirkland and other labor leaders. He says they have simply ignored numerous invitations for consultations at the White House.

* As for JSL's memo about a fistfight between Jesse Calhoun and Angelo Fosco, he says Fosco has never been invited to the White House. He's never heard of any such scuffle in the White House. He suggests it might have happened elsewhere, perhaps at the Prime Rib bar where Fosco hangs out.

(END)

STORY:WHITE
MA-60 FMT:

QUEUE:CWF-CWF
HJ:

MSG:
INI:

OPR:RAK ;09/25,13:17

TO: MLS, LT, JF, DR, JG, BFP, DXB, JWM, GP, DCB, LH, SJF,
PA, PGH, MWK

FORM: RAK

RE: Background-only ivu with Dave Gergen and other notes

Defense cuts. Gergen suggests that Reagan will, in the end, accept larger cuts in defense spending to keep the deficit under control. But Reagan won't do that willingly, and for now he remains firm in his view that Pentagon spending should be cut by no more than 2 billion in '82.

"The President did not go into a confrontational dialogue last night," says Gergen, citing a conciliatory line in last night's speech in which Reagan said his feet were not "set in concrete."

"There will be a lot of counter pressure on the Hill to cut deeper into defense...What I would guess will happen is that there will be an arrangement worked out...He [Reagan] won't get all of the non-defense cuts he wants."

Will Reagan accept larger defense cuts to make up the difference? "He may ultimately see that he has to do that, but he will resist doing it...No one around here is pressuring him toward that view, but that option is still on the table." Howard Baker is offering the stongest pitch to Reagan to cut more deeply into defense, Gergen says.

Speech. Reagan was very pleased with his own performance last night, says Gergen. "He usually goes in there a little nervous, but he was very relaxed last night. And he

was very happy afterwards."

It was the President who insisted on talking about Social Security, and Gergen seems relieved that Reagan had the opportunity "to get it off his chest. He's been wanting to talk about it for a long time." The President only very reluctantly retreated from his plan to delay the Social Security COLA increase after Howard Baker and Bob Michel warned him that it would doom his entire package.

Gergen also says the speech lifted the morale of the senior White House staff, many of whom were skeptical that the address would be received well. (Gergen apparently was among them.) "There was great apprehension around here yesterday before the speech. We thought we were going to have to put up barbed wire on top of the fence. But the speech went down well and a lot of people around here are relieved." Gergen insists that Reagan's technical delivery was better last night than in any of his previous Oval Office talks.

He adds, "It's clear that it's going to be harder slogging now. There's a little more tension in the air around here. But there's more of a sense of realism, too, and that's healthy." Gergen smiled when he noted that many of the Californians who are in Washington for the first time are having trouble adjusting to the fact that the Presidency is always an uphill battle. The Californians were spoiled by the relative ease of Reagan's first eight months in office. Gergen, of course, considers himself a veteran who would

(MORE)

never be so naive.

Deficit. For the first time, Gergen acknowledged that the White House is not serious about a specific '82 deficit target (now 43.1 billion.) ``The operating premise here is that we really don't want to come in over 50 billion...We don't want to repeat the mistake of making something magical out of a figure, like we did with the 42.5 billion target....Baldrige really was right when he said we just have to come in under 50 billion.''

Wall Street. The White House was not surprised by today's decline in the stock market. ``There's no one here expecting a great surge in the stock market, but that doesn't mean we can't get interest rates down...What's more important is the bond market, but we don't have a reading on that yet.

Treasury Secretary Regan, at an earlier on-the-record briefing today, said this morning's stock market slump was not a ``verdict'' on the new Reagan cuts, but part of a year-long decline in the market due to lower profits for many corporations in 1981.

Strategy. The White House now intends to push for a 30- or 60-day continuing budget resolution that would maintain appropriations at fiscal '81 levels. During that period, then, the administration would battle each of the 13 appropriations bills separately--the kind of trench warfare t White House had hoped to avoid. To keep spending levels below his target, the President would continue to threaten

(MORE)

to veto any or all appropriations bills that exceed the 12 percent across-the-board cut. Gergen thinks Reagan won't really have to veto very many bills, that accommodations will be worked out in advance, even if this means some White House tradeoffs in the form of larger Pentagon cuts. But Reagan will not hesitate to veto appropriations bills--largely because the White House believes all vetoes could be easily sustained in the Senate or House, or both.

At the earlier briefing today, Stockman noted that Reagan's "enforcement tool is 33 percent, plus one." Stockman insisted that Reagan will have "far greater leverage" to achieve this round of budget cuts, because of his veto power.

AWACS. The administration is in the final stages of preparing the AWACS compromise. The plan is to submit the compromise next week on the day that formal notification to Congress is due (Oct 1). This would allow the White House to claim that the package had not really been altered, since next week is the first time that it actually will be submitted.

Gergen refused to discuss the compromise, except to confirm that stationing Americans on the planes is part of the negotiations. The White House is working closely with Howard Baker and John Glenn, who were at the White House for meetings last night and this morning. Senator Glenn is considered the pivotal vote. If the White House wins his vote, it will win those of other senators. "A lot of

(MORE)

people trust him up there." As of now, Glenn's only demand is for increased American personnel on the aircraft, says Gergen.

More on budget cuts. At this morning's briefing Stockman cited several areas in which the administration wants to reform entitlement programs (excluding Social Security):

--tightening up income eligibility standards for food stamps, the school lunch program and student loans;

--revising the "definition of income" for various programs;

--reducing the "utilization" of medicaid and medicare, eliminating "excess treatment" paid for by these two programs.

--trimming retirement benefits for federal workers;

OMB's goal is to cut entitlement programs by 7 percent by 1984.

Stockman also disclosed that the administration is withdrawing the new nutrition regulations for the school-lunch program. (The ones that defined ketchup as a vegetable.) "It was a bureaucratic goof," said Stockman. New regulations will be issued later.

The OMB director pointed out that the last round of budget cuts "were not the last step but simply the first step in implementing the economic policy that the President has charted...The spending suit must be cut to fit the revenue side" that resulted from the tax cut.

Stockman conceded that the cuts necessary over the next

(MORE)

ST⁰RY: WHITE

PAGE: 6

three years to balance the budget really total about 114 billion.

(END)

RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.